Oil contracts with OPEC

*546. SHRI RAMA MUNI REDDY SIRIGIREDDY:
SHRI K. RAMA MOHANA RAO:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether India have any long-term contract with the oil producing countries *i.e.* OPEC;

(b) if so, the details of the countries and contracts that India entered into with these countries;

(c) if not, whether India had made any efforts at the recently held Asian Round Table Conference on Oil Cooperation;

(d) whether any countries have agreed to India's proposal of long-term oil deals;

(e) if so, the details of the countries that have accepted our proposal and how such contracts would help us in stabilising the volatile markets in the country?

THE MINISTER OF PETROLEUM AND NATURAL GAS (SHRI MANI SHANKAR AIYAR): (a) to (e) Indian public and private oil companies buy crude oil on term contracts from National Oil Companies of countries like Saudi Arabia, Iran, Kuwait and Abu Dhabi, who are members of OPEC. Term contracts are generally for one year and, in most cases, the contract is renewable automatically. Public sector oil companies factor in longer-term contracts in their purchase arrangements, as appropriate, but it may be noted that long-term contracts only provide for assurance of supplies; prices are linked to periodic variations in international markets.

The question of longer-term supply contracts was raised at the first Round Table of Asian Oil Ministers on regional cooperation in the oil and gas economy held in New Delhi on 6 January, 2005 which was attended by Ministers/representatives from Iran, Japan, Malaysia, Oman, Qatar, Saudi Arabia, JAE, Kuwait, China, Korea besides host India. As there are both advantages and disadvantages to longer term supply contracts, the question remains under consideration both bilaterally and in forums such as the Round Table.